

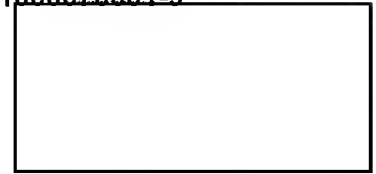


Director of
Central
Intelligence

Approved For Release 2004/04/12 : CIA-RDP79T00975A031000070001-9

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National Intelligence Daily (Cable)

15 January 1979

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BRIEFS AND COMMENTS

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NIGERIA: Discussion of Oil Weapon

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the interruption of Iranian oil supplies has increased the economic importance of Nigeria to the West and has provided it with a means of forcing Western countries to initiate full economic sanctions against South Africa.

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Any decision would be influenced by Nigeria's overwhelming dependence on oil revenues for its economic wellbeing; oil receipts account for more than 90 percent of total foreign exchange earnings and some 80 percent of government revenues. The US now relies on Nigeria for about 15 percent of its imported crude oil and takes about half of Nigerian oil exports.

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Nigeria's military rulers have occasionally debated the use of oil and other means to hasten the end of white-minority rule and apartheid in South Africa, but practical considerations have prevented firm action. Nigeria has strongly criticized Western economic interests in South Africa, for example, but has not implemented its threats to boycott foreign firms active in both Nigeria and South Africa because of the adverse economic impact such a move would have on Nigeria.

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Nigeria's need to maintain oil revenues to support its lagging, underfinanced development program and to avoid instability, particularly during its politically difficult transition to civilian rule this year, make a total oil embargo against the West highly unlikely. Lagos might, however, consider threatening some use of the oil weapon if South Africa balks at complying with a UN settlement in Namibia and if Western states fail then to impose economic sanctions. The regime could, for example, threaten to impose selective production cutbacks, exert greater control over where oil is sold, or institute a complete takeover of the oil industry.

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YUGOSLAVIA: Cut in 1979 Economic Growth Plans

The Yugoslav Government plans to cut GNP growth to 5.5 percent this year, a move it hopes will reduce the inflation rate to 11 percent. Actual growth and inflation, however, probably will exceed these guidelines because political pressures are likely to prevent unpopular economic constraints. The government is also projecting a hard-currency current account deficit of well over \$1 billion for the third successive year; such a deficit will mean that Yugoslavia will remain dependent on Western bank loans.

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A draft 1979 plan presented by the government last October included growth and inflation targets close to the 1978 targets of 7 percent and 11.5 percent, respectively. The government later lowered the targets for this year, in response to pressure from political leaders who feared the effects of inflation. The government plans to cut back domestic consumption and to encourage exports, but little improvement in last year's trade deficit of \$4.3 billion is likely because of sluggish world economic conditions. The deficit will increase Yugoslavia's hard-currency debt to about \$9 billion--primarily Western bank loans.

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President Tito has shown no inclination to intervene to impose restrictions on credits, prices, or imports. Such restrictions would boost unemployment--currently 6.5 percent--curtail consumer gains, and heighten friction among Yugoslavia's republics and provinces.

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CZECHOSLOVAKIA: Dissident Developments

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The Czechoslovak Government is continuing its policy of inducing prominent dissidents to leave the country while it deals severely with those who choose to remain behind. [REDACTED]

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Vladimir Skutina, a longtime activist and signer of the human rights manifesto Charter 77, has arrived in Switzerland, where he is expected to request political asylum; dissident playwright Pavel Landovsky recently left for Austria. In Landovsky's case, the authorities employed a tactic similar to that used with playwright Pavel Kohout in October: Landovsky may return to Czechoslovakia for visits if he refrains from political activity while abroad. [REDACTED]

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The other face of the policy was demonstrated last week, when Charter 77 spokesman Jaroslav Sabata received a nine-month sentence for insulting a public official. Sabata, who reportedly refused an offer to emigrate, has been detained since October, when he attempted to meet with his Polish counterparts. The authorities imposed the maximum sentence allowable under the charge, and they may yet invoke an 18-month suspended sentence from a previous conviction. [REDACTED]

With Sabata in prison and the movement's two remaining spokesmen under close surveillance, the government has blunted Charter 77's activities in the country, and the continued loss of key members through emigration will further drain its vitality. Nonetheless, the dissidents will probably continue to try to embarrass the regime, as they did last month when they publicized serious accidents at a nuclear power station. [REDACTED]

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TURKEY: Defense Minister's Resignation

Defense Minister Isik resigned yesterday and was replaced by a technocrat, Senator Neset Akmandor. The resignation came at a particularly inopportune time for Prime Minister Ecevit, whose government has been in turmoil since late December, but it is not expected to cause the government to fall. The appointment of Akmandor indicates that Ecevit is anxious to avoid further strains within his Republican People's Party.

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//Former Interior Minister Ozaydinli had resigned 12 days before, reportedly because of pressure from the People's Party left wing.

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Isik's resignation was unexpected. Isik is expected to continue to vote with the government in the National Assembly and thus maintain Ecevit's two-seat majority in the Assembly.

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The former Defense Minister said there were several reasons for his resignation. There is press speculation that the resignation was sparked by differences with Ecevit on military base negotiations with the US.

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The resignation may reflect Isik's dissatisfaction with his lack of authority. The Defense Minister traditionally is less important than the Chief of the General Staff; additionally, Ecevit has made all important defense decisions himself.

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Isik's replacement, Senator Akmandor, was Energy and Natural Resources Minister in Ecevit's 1977 government. He is a US-trained engineer who has the reputation of being a skilled administrator. Ecevit probably hopes that his appointment will be noncontroversial. On Saturday Ecevit named another noncontroversial Senator, former Prosecutor Hasan Gunes, to be the new Interior Minister.

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LEBANON: Restore Calm in Beirut

Beirut was calm yesterday following renewed fighting on Saturday between Syrian forces and Christian militias. Both sides appear to want to prevent a new outbreak of heavy fighting, but this will not be easy as long as they are in close proximity.

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UN: General Assembly Meeting

The 33rd UN General Assembly session, which resumes today in New York, faces several outstanding budgetary and administrative issues which are at the heart of tension between the Third World majority and the wealthier industrialized countries over control of the UN. The General Assembly session may complicate the Security Council debate on the Kampuchea-Vietnam conflict, as it gives the Soviets and Vietnamese an opportunity to challenge the credentials of the Kampuchean delegation representing the Pol Pot regime.

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MIDDLE EAST: Reaction to Iranian Developments

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//Israel, Egypt and Iraq have been officially silent on the Shah's fate, but all clearly view the collapse of his regime as having implications for their own interests. Israel and Egypt fear it will lead to growing Soviet influence in the region. Iraq shares this outlook to some extent and also worries that an Islamic fundamentalist resurgence will take hold among its own Muslim sects.//

//The Israelis believe the Shah is finished, and--in the worst circumstances--fear that unsettled conditions in Iran could lead to the establishment of a radical regime and a major strategic setback for the West.

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Egyptian President Sadat sees some advantages in the situation in Iran, the most important of which he believes will be greater US interest in strengthening Egypt. Moreover, in the wake of events in Iran, Sadat apparently believes the US will be more inclined to try to satisfy the demands of Arab moderates in peace negotiations.

It is not clear whether Sadat believes events in Iran reflect potential domestic political dangers for him,
--continued

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although he has recently taken actions that indicate he is aware of such a possibility. He has sidelined some corrupt officials and has permitted religious rightists the only public criticism of the Camp David accords. [REDACTED]

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There has been little official Iraqi reaction to recent developments in Iran. From Iraq's perspective, the optimum outcome would have been for a weakened Shah to retain his throne and the Iranian Government completely absorbed in domestic problems and unable to project Iranian power into the Persian Gulf. Iraq saw in such a situation a chance to wield dominant influence in the region. [REDACTED]

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The Iraqi Baathists would view with alarm the return of Ayatollah Khomeini to Iran and the establishment of an Islamic republic there. They fear this would encourage a reactionary sectarian resurgence among Iraq's Shia Muslims, who make up half of the population. The Iraqis would be even more disturbed if Communists or radical leftists assumed power in Iran, for fear this would pave the way to increased Soviet pressure on Iraq. [REDACTED]

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OVERNIGHT REPORTS

(The items in the Overnight Reports section have not been coordinated within the intelligence community. They are prepared overnight by the Office of Current Operations with analyst comment where possible from the production offices of NFAC.)

USSR-Italy

Moscow announced that Foreign Minister Gromyko will pay an official visit to Italy toward the end of the month.

COMMENT: No substantial amount of business is expected to be transacted, but Gromyko will use the occasion to reiterate Soviet concerns over the prospect of Western arms sales to China. He is likely to talk with Pope John Paul II at the Vatican during the visit.

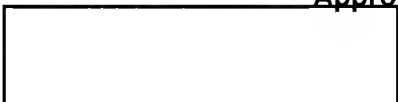
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